

FISCAL NOTE

HB 3334 - SB 3261

February 20, 2004

SUMMARY OF BILL: Requires that any hospital participating in the TennCare program be included as a network provider for the state employees group insurance program if the hospital agrees to terms comparable to other hospitals in the network. The bill takes effect upon becoming law and applies to contracts amended or renewed after the effective date.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$100,000

Increase Local Govt Expenditures - Exceeds \$100,000

Estimate assumes:

- An increase in state expenditures as the result of requiring health insurance companies that participate in the state employee health insurance plan to include in their provider networks all hospitals participating in TennCare.
- Companies that manage the state employee plan and other plans assemble adequate networks and utilize volume to obtain discounts that benefit the state plan and other insured groups. This requirement would result in a loss of discounts and higher prices paid for hospital services by the companies that manage the state employee network.
- The amount of the increase in state expenditures cannot be determined but is estimated to exceed \$100,000. The total projected program cost is \$444 million for 2004. A one-half percent increase represents over \$2,000,000 additional cost to be shared by state government and employees.
- The state plan also manages the local government plan that would also be impacted because they utilize the same networks. The amount of increase cannot be determined but is estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director